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15 May 2017

## **Mavi Giyim Sanayi ve Ticaret A.Ş.**

### **Mavi announces its intention to list on Borsa Istanbul**

Mavi Giyim Sanayi ve Ticaret A.Ş. (“Mavi”), a leading casual and lifestyle fashion business, today announces its intention to proceed with an initial public offering (the “Offering”) of its ordinary Class B shares to be listed on Borsa Istanbul. The Offering will consist of an international offering of shares outside Turkey to institutional investors and a domestic public offering of shares to retail and institutional investors in Turkey. The Offering is subject to the approval of the Capital Markets Board of Turkey (the “CMB”) and the admission to listing is subject to the approval of Borsa Istanbul.

#### **About Mavi**

- A highly successful lifestyle brand, having started operations in Istanbul under the Mavi brand in 1991
- With denim roots, Mavi has evolved into an international apparel and accessories brand for both women and men, with its success built on products of superior quality and perfect fit
- Through proven brand strength, Mavi has built a loyal customer base whose core segment is comprised of young, fashion-conscious women and men under 35, with benefits derived from attractive Turkish demographics, increasing spending power of millennial customers globally and Mavi’s strong social media reach (3.3 million followers in 2016)
- Mavi has a presence in 35 countries (including Turkey) and has delivered a strong financial performance:
  - 2014-2016 Revenue CAGR of 20.9%
  - 2014-2016 Profit CAGR of 65.6%
  - 2014-2016 EBITDA<sup>1</sup> CAGR of 28.4%
- Mavi has 392 mono-brand Mavi stores with particular presence in Turkey, US, Canada, Germany and Russia
- Mavi’s deep expertise and reputation in denim supported by considerable expansion into lifestyle categories with a product mix of 44% denim bottoms and 56% lifestyle products, with solid growth across assortments
- With a flexible supply chain and locally-sourced products, Mavi leverages 26-year company know-how and Turkey’s textile leadership to respond in real-time to international consumer trends, translating into a loyal customer base and endorsements from global celebrities and fashion icons

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<sup>1</sup> Excludes the impact of taxation, net finance costs, depreciation and amortization from profit generated through continuing operations.

- Large and expanding customer base, and more than 1 million new customers added in 2016<sup>2</sup>. Loyalty program with 5.7 million loyalty card members, of which approximately 3.9 million are active users<sup>3</sup>
- Highly experienced management team, led by Chief Executive Officer Cuneyt Yavuz

**Cuneyt Yavuz, Chief Executive Officer of Mavi, commented:**

“Since starting operations 26 years ago, Mavi has built an outstanding position in the denim and casualwear markets, in Turkey and increasingly in international markets. We believe our brand resonates powerfully with young, aspirational consumers around the world, enhanced through exceptional digital engagement and underpinned by our data-centric approach to customer insights. We are confident that Mavi has a strong platform to build on and believe we have the brand, the products, the supply chain and the team to take Mavi to the next level and become a truly global lifestyle brand, while staying rooted in our heritage of denim.”

**Offering Highlights:**

- The Offering is expected to consist of approximately 50% of the total issued share capital of Mavi, being offered by Blue International Holding B.V., a vehicle jointly owned by Turkish Private Equity Fund II and members of the Akarlılar family (“Selling Shareholder”)
- The global offering is expected to consist of (i) private placements outside Turkey to certain institutional investors, and (ii) a public offering to retail and institutional investors in Turkey, in each case subject to the approval of the CMB
- The Selling Shareholder may also sell additional shares in an amount not exceeding 15% of the original number of shares offered for the purpose of covering over-allotments
- Each Class A and Class B share of Mavi confers one vote each and offers equal dividend rights, with the Class A shares having the right to nominate 50% of the members of the Board of Directors (including the Chairman of the Board) and the right to veto certain material corporate decisions at the shareholder meeting
- The domestic offering is being made pursuant to a separate Turkish language prospectus being prepared in accordance with Turkish regulations, which will be published on the Company’s web site and in various other platforms following approval by the CMB
- Goldman Sachs International is acting as Global Co-ordinator and, together with BofA Merrill Lynch, as Joint International Bookrunners, and İş Yatırım Menkul Değerler A.Ş is acting as Domestic Coordinator and Domestic Bookrunner

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<sup>2</sup> Refers to new Kartuş Loyalty Card Members in 2016.

<sup>3</sup> Active user means that the member has made a purchase of Mavi products with the loyalty card in the past 2 years.

## Mavi Key Strengths

- **Aspirational lifestyle and customer-centric brand with broad appeal and celebrity endorsements**
  - Iconic lifestyle brand, with young and fashion conscious core customer base
  - Global brand awareness with celebrities and fashion icons as loyal followers
  - Effective use of online and digital communication with 3.3 million online followers globally
- **Locally sourced world-class products with well segmented ranges**
  - Broad product offering across denim and lifestyle products, tailored to women and men
  - Uncompromised quality, using the best fabrics and manufacturing techniques
  - Perfectly positioned at center of world-renowned Turkish textile ecosystem, with flexible supply chain able to react in real-time to customer trends
- **Outstanding multi-channel execution with robust store economics in retail**
  - Strong direct-to-customer platform in Turkey with 331 mono-brand stores
  - Wholesale channel in Turkey with 506 doors across franchises, department stores and corners
  - Well-invested E-Commerce platform and 39% 2014A-2016A revenue CAGR globally
  - International footprint of 61 mono-brand stores and 4,644 total wholesale multibrand doors across 34 Countries
- **Consistently robust financial performance**
  - In Fiscal Year 2016, consolidated revenue of TL 1,307.9 million, and EBITDA of TL 170.2 million
  - As at Fiscal Year End 2016, CAGR over the three fiscal years on revenue, profit and EBITDA increased by 20.9%, 65.6%, 28.4%, respectively
  - On a pro forma basis, adjusted to reflect the acquisition of U.S. and Canadian subsidiaries, revenue for Fiscal Year 2016 was TL 1.368,5 million, and EBITDA was TL 176.9 million.

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**Note to Editors:**

**About Mavi**

Incorporated in Istanbul in 1991, Mavi is today globally recognized as a highly successful lifestyle brand offering casual lifestyle products. Mavi has 392 mono-brand Mavi stores and c.5,500 points of sale globally with particular strength in Turkey, US, Canada, Germany and Russia. The Company's products are positioned between the 'core' and the 'premium' section of the jeans market, with the ability to offer premium products. Mavi's brand image translates into strong pricing power, which Mavi reinforces through collaborations with leading designers, such as its cooperation with Adriano Goldschmied. Mavi is the number one jeans brand in Turkey for top-of-mind awareness (with 53%), according to a brand perception report prepared by GfK in June 2016 and Euromonitor in February 2017.

In 2008 the Company made a strategic decision to increase its focus on its retail operations and grow with a lifestyle positioning. Mavi has achieved a solid track record of growth since then, reaching 261 directly operated mono-brand retail stores and approximately 117,000 sqm net selling retail space and average store size of 447 sqm within Turkey in fiscal year 2016. Like-for-like sales at Mavi's retail stores in Turkey have been growing double digits consistently. The Company's increased focus on retail has helped it grow across multiple categories, becoming a true lifestyle brand. In fiscal year 2016, Mavi generated 56% of its total revenue outside the "denim bottoms" category. In 2013 Mavi launched e-commerce operations to complement the growth of its physical retail stores. Mavi supports the productivity of its stores with a flexible supply chain, with a strong focus on local sourcing. The Company believes this creates advantages in terms of quality control, profitability and time-to-market.

Internationally, Mavi has built a strong brand recognition thanks to quality denim products. In fiscal year 2016, Mavi sold 1.65 million denim out of 7.5 million denim items in the United States, Canada, Europe and other markets outside Turkey (except Russia and Australia). Mavi's international distribution platform includes 61 mono-brand (22 retail stores and 39 franchised stores) stores outside Turkey as well as strong wholesale and online partners such as Bloomingdale's, Nordstrom, Zappos.com, Simons, P&C and Zalando.com.

Mavi currently sells, directly or indirectly, in 34 different countries outside Turkey, with a network consisting of 61 mono-brand stores and approximately 4,700 points of sale. The Company's international operations are largely focused on the following four regions, the United States (following the acquisition of Mavi USA); Canada (following the acquisition of Mavi Canada); Europe (mainly Germany); and Russia. Mavi is positioned in the upper segment of the jeans market providing premium products, including Mavi Gold and Mavi Black, a high-end denim range.

Mavi's growth strategy is primarily focused on continued retail expansion in Turkey, international, and online expansion.

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This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, of form the basis for a decision, to invest in any securities of the Company. The Turkish language prospectus (*izahname*) to be approved by the Capital Markets Board of Turkey (the "CMB") and prepared in connection with the Offer and listing of the Company's shares on Borsa Istanbul will be the sole legally binding document containing information about the Company and the Offering in Turkey. Therefore, any investment decision with respect to the Securities publicly offered in Turkey should be made following the publication of, and based on such investor's review of, the Turkish language prospectus (*izahname*), that is expected to be approved by the CMB pursuant to the Capital Markets Law no. 6362 and the relevant

capital markets legislation. The final Turkish language prospectus (*izahname*) has not yet been approved by the CMB, and upon approval, will be disclosed as per Turkish capital markets legislation. The international offering circular prepared in connection with the Offering is the sole legally binding document containing information about the Company and the Offering outside of Turkey. In the event of any discrepancy between this announcement and the Turkish language prospectus and/or the international offering circular, as the case may be, the Turkish language prospectus and/or the international offering circular will prevail.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Turkey. Forward-looking statements speak only as of the date they are made. Each of the Company, Goldman Sachs International, Merrill Lynch International and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company’s intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering. Acquiring shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

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